

8 JUL 1948

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GENERAL

1. Palestine truce not to be extended--UN Mediator Bernadotte reports through US Navy channels that the Palestine truce will not be extended. Bernadotte has requested water lift from the US Navy to evacuate UN equipment and personnel at Haifa. Bernadotte indicates that he will endeavor to obtain assurances from the belligerents that the UN evacuation will not be interrupted by either party.

UK proposes extension of UN Palestine arms embargo--US Embassy London reports that a high UK Foreign Office official has expressed informally the view that the US, the UK, and other "right thinking" Security Council members should be prepared to offer a new resolution extending the Palestine arms embargo and retaining UN observers in the war theater. The UK official suggested that because of British treaty obligations, the UK might be subjected to Arab pressure for the resumption of arms deliveries on the grounds that the Jews were the aggressors. The official believes, therefore, that maintenance of the UN arms embargo, thus relieving the UK of its treaty obligations, would be desirable.

EUROPE

2. GERMANY: Economic deterioration in Soviet Zone confirmed--US Ambassador Douglas in London believes that Marshal Sokolovsky's remarks to the western military governors concerning economic deterioration in Soviet Zone Germany confirm British information that the "messy" Soviet currency reform and the interruption of east-west trade are having an adverse effect on the eastern zone. At the meeting with the US, the UK, and French military governors, Sokolovsky reportedly said, "Before taking decisions of your own in London you should have asked yourselves what would happen in Berlin."

State Department review completed

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